

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

2872

COMMISSIONERS

MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

Arizona Corporation Commission
DOCKETED

JUL 20 2007

DOCKETED BY	MR
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AZ CORP COMMISSION
DOCUMENT CONTROL

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RECEIVED

IN THE MATTER OF THE APPLICATION
OF ARIZONA WATER COMPANY, AN
ARIZONA CORPORATION, TO EXTEND
ITS EXISTING CERTIFICATE OF
CONVENIENCE AND NECESSITY AT
CASA GRANDE, PINAL COUNTY,
ARIZONA

DOCKET NO. W-01445A-07-0291

RESPONSE TO INSUFFICIENCY LETTER

Arizona Water Company (the "Company") submits the following responses to the Staff's inquiries as contained in the Staff's June 11, 2007 Insufficiency Letter to the Company in the above-captioned Docket. The Staff's inquiries, and the Company's responses are presented below.

1. *Please submit a drinking water design report which clarifies how water will be provided to the proposed CC&N area.*

The report should identify existing and future sources, the capacities of existing sources, the estimated capacities of future sources and any existing demand on the present water sources.

1 The report should include the estimated water demand from a typical dwelling
2 unit, the estimated demand from the proposed CC&N area.

3 The report should identify the location of future and existing transmission mains
4 and include the timing or construction phasing of facilities.

5
6 The design report should describe water quality and address any water quality
7 problems with the existing and future sources of water (as an example, will extra
8 treatment costs arise in order to meet existing or future maximum contaminant
9 levels for arsenic, nitrates or fluorides in the drinking water and if so, how does
10 the applicant plan to fund the necessary treatment plant additions).

11
12 Please provide any other information which will allow the Commission to analyze
13 and conclude that the company has sufficient water production capacity, or can
14 develop enough drinking water capacity to service the existing and future
15 demands from the proposed CC&N area.

16
17 **Response:**

18 **Arizona Water Company ("Company") maintains approximately 227**
19 **sections of CC&N within the Pinal Valley Water System. This application to**
20 **extend the Company's CC&N totals approximately 2-1/2 sections of land.**
21

22 **All five (5) parcels are relatively small compared to the existing size of the**
23 **Pinal Valley Water System which serves Casa Grande, Coolidge, Stanfield,**
24 **Arizona City and Tierra Grande. Please refer to Attachment 1 hereto, the**
25 **enclosed Master Plan and Water Use Data Sheet for the Pinal Valley Water**
26 **(Map and Data Sheet). This map shows the existing and proposed**
27 **transmission mains, existing wells, storage tanks and the location of future**
28

1 wells and tanks that the Company will use to serve, among other areas, the
2 five (5) parcels in the proposed extension area.

3
4 The Company's Water Use Data Sheet provides existing storage capacity,
5 and existing production capacity. The total additional customers
6 anticipated from the additional CCN is approximately 2,000 new residential
7 customers. For planning purposes .3 GPM per customer is used to
8 calculate the average demand (600 GPM) for the additional demand for the
9 CCN extension.

10
11 The Company expects that most new production wells drilled within the
12 Pinal Valley Water System will require treatment for arsenic but no
13 treatment for nitrates or fluoride. Since these five properties are small, the
14 Company will not require these developments to individually or collectively
15 provide additional production or treatment for arsenic.

16
17 The Company is nearing completion of six (6) Arsenic Treatment plants
18 that will serve the west side of the Pinal Valley Water System. All six (6) of
19 the Company's Arsenic Plants will be operational before year end 2007.
20 The Company is in the initial design process to construct and have
21 operational its CAP water treatment plant by 2012. This plant will treat
22 approximately 12,000 acre ft. of CAP water and serve, in part, the entire
23 Pinal Valley Water System.

24
25 ...

26 ...

27 ...

2. *Please provide a set of design plans for the proposed water facilities. If final plans are not available, preliminary design plans should be provided.*

Response:

Please refer to Attachment 2 (Preliminary Design Plan and Cost Estimate). The Preliminary Design Plan and Cost Estimate addresses only the off-site improvement necessary to provide water service to the five parcels. The Company does not have the necessary information to design or create a cost estimate for the on-site water distribution system for each of the five parcels. However, additional wells, storage tanks or booster pumps will not be required to serve these parcels.

The water facilities required to serve each of the five parcels, both on-site and off-site, will be funded through Advances in Aid of Construction.

3. *Please provide an estimate of the water construction costs to the Applicant, necessary to serve the proposed CC&N. The costs should include a description of the major components with the cost of the component (i.e., wells, number and size of storage tanks, water treatment plant, etc.). The method of financing for the major components should be specified.*

Response:

Please refer to Response #2.

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1 4. *The Company, in its water use data sheet, reports its September 2006 gallons*
2 *sold at 401,224,000 which is more than 362,188,000 gallons pumped. Please explain*
3 *and verify the correctness of this figure. Also, please explain and verify the figure for*
4 *May, and December 2006.*

5
6 **Response:**

7 **The numbers for May, September, and December 2006 are correct.**
8 **Customer meters are read throughout the month according to their billing**
9 **cycle and collectively register total water usage that is not in-sync with the**
10 **Company's production meters, which are read the last day of every month.**
11 **A billing district is read on a 30-day cycle and a portion of that usage**
12 **includes usage from the previous month. That portion of the usage is**
13 **reflected in the previous month's production reads and the remainder in**
14 **the current month's production reads. The foregoing is true every month**
15 **but for some months the difference is more pronounced depending on**
16 **changing weather conditions and customer usage during the billing cycle.**

17
18
19 5. *Is any portion of the extension area located within the City of Eloy's Municipal*
20 *Planning Area or corporate city limits? If so, please identify. If any of the parcels*
21 *is within the City of Eloy's Municipal Planning Area or corporate city limits, has*
22 *the City of Eloy been notified of the application and does the City of Eloy support*
23 *the Company's CC&N extension application? Please explain.*

Response:

Yes, parcel three is located within Eloy's City limits and municipal planning area; the Company has not notified the City that the Company filed the application and does not know whether the City supports it.

6. *Please provide a copy of the applicable franchise agreement for all the requested parcels. If the franchise agreement has not been issued, please inform Staff of the status of the application for the franchise agreement.*

Response:

Concerning parcel three, the Company does not have a franchise from the City of Eloy (it has previously applied for one), but intends to file an application for a franchise at the appropriate time. For the remaining parcels, copies of franchises are attached as Exhibits 7 and 8 to the Company's Application.

7. *Please provide a copy of the proposed construction schedule for all the parcels.*

Response:

No construction schedule has been provided to the Company from the developers. Based on the Company's experience, the Company believes that Phase I of construction related to each of the five (5) parcels will not begin for at least two (2) years.

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8. According to the application, "AWC is not aware of any existing or planned high water use amenities such as golf courses or turf areas.. ." Please provide the following information with the assistance of the developers: (1) Will any artificial lakes, golf courses, ornamental structures, open spaces, and any other aesthetic water features be built in the requested area? If so, does AWC plan to use groundwater at the beginning of the project for artificial lakes, golf courses, ornamental structures, open spaces, and any other aesthetic water features, and if so, for how long? Please explain in detail. (2) At what point in time does AWC intend to utilize effluent for artificial lakes, golf courses, ornamental structures, open spaces, and any other aesthetic water features? Please explain in detail. Please be sure to include the number of houses that would have to be built in order to generate enough effluent for such uses.

Response:

There are no artificial lakes, golf courses, ornamental structures, open spaces or any other aesthetic water feature planned for any of the proposed CC&N extension area. Parcels one (approximately 80 acres) and three (approximately 40 acres) are too small to accommodate a golf course. The conceptual land use plans for parcels four (see Attachment 3 hereto) and five (see Attachment 4 hereto) shows there are no golf courses planned. The Developer of parcel two has verbally informed the Company that no golf courses will be developed for their parcels.

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9. According to the Application, the City of Casa Grande will provide wastewater service to Parcels 1 and 2. Please identify the wastewater provider for Parcels 3, 4, and 5.

Response:

Sewer service will be provided by the City of Casa Grande to parcels one, two and five, parcel three will be developed as one acre lots, with each lot having its own septic system. Parcel four will receive sewer service from the Arizona City Sanitary District.

RESPECTFULLY SUBMITTED this 20th day of July 2007.

ARIZONA WATER COMPANY

By: Robert W. Geake

Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, Arizona 85038-9006

1 Original and thirteen (13) copies of the foregoing filed this 20TH day of July 2007
2 with:

3 Docket Control Division
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 A copy of the foregoing was mailed this 20TH day of July 2007 to:

8 Christopher Kempley, Chief Counsel
9 Legal Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ernest G. Johnson
14 Director, Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 By: 

ATTACHMENT 1

WATER USE DATA SHEET

NAME OF COMPANY _____	ARIZONA WATER COMPANY - Casa Grande
ADEQ Public Water System No. _____	11-009

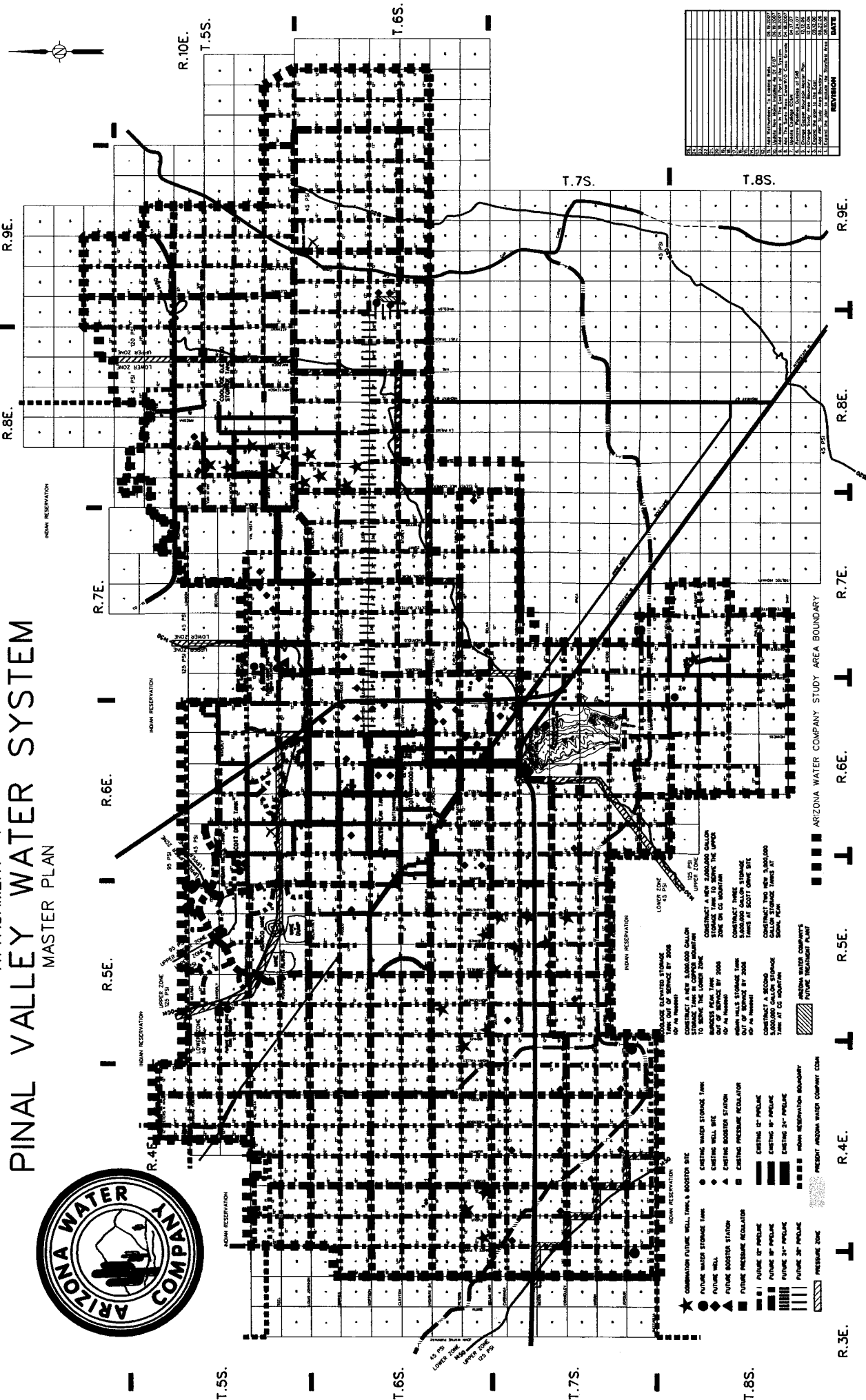
MONTH/YEAR (LAST 13 MONTHS)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED	GALLONS PURCHASED
January-07	21,508	292,349	313,184	0
December-06	21,424	332,442	305,977	0
November-06	21,291	351,507	365,961	0
October-06	21,136	342,967	398,911	0
September-06	20,965	401,224	362,188	0
August-06	20,844	386,558	419,403	0
July-06	20,728	462,815	485,525	0
June-06	20,396	433,590	487,459	0
May-06	20,294	315,496	455,678	0
April-06	20,066	282,544	320,179	0
March-06	19,773	267,679	306,065	0
February-06	19,421	261,330	283,961	0
January-06	19,213	269,149	305,254	0

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
Burgess Peak 2,000,000	1	D(6-6)9bbd - Casa Grande #9	1,000
Casa Grande Mtn 5,000,000	1	D(6-6)21bbc - Casa Grande #10	1,040
Cottonwood 1,000,000	1	D(6-6)23cbb - Casa Grande #19	1,560
Golf Course 115,000	1	D(6-6)22ddd - Singh/Quaid #22	1,000
Indian Hills 100,000	1	D(6-6)22bda - Casa Grande #25	1,320
North Park 650,000	1	D(6-6)21bbb - Cottonwood Lane #14	250
North Park 35,000	1	D(6-6)22bad - Casa Grande #20	1,110
Scott Drive 110,000	1	D(6-6)22baa - Casa Grande #23	1,550
Scott Drive 5,000,000	1	D(6-6)15cdd - Casa Grande #26	1,400
Tierra Grande #1 10,000	1	D(7-6)35ddd - AZ City/Battaglia #28	1,620
Tierra Grande #1 250,000	1	D(6-6)15ccb - Casa Grande #17	850
		D(6-6)22cdc - Casa Grande #21	740
		D(6-6)22cdd - Casa Grande #24	950
		D(6-7)5baa - Lake-in-the-Desert #27	550
		D(6-6)25dcd - Casa Grande #29	1,380
		D(6-6)22ddd Casa Grande #30	1,000
		D(6-6)15cad - Casa Grande #31	1,500
		D(8-6)1ddb - Del Rio #34	1,500

Other Water Sources in Gallons per Minute (Non-Potable CAP Water) _____	GPM 1583
Fire Hydrants on System _____	YES NO
Total Water Pumped Last 13 Months (Gallons in Thousands) _____	4,809,745

PINAL VALLEY WATER SYSTEM

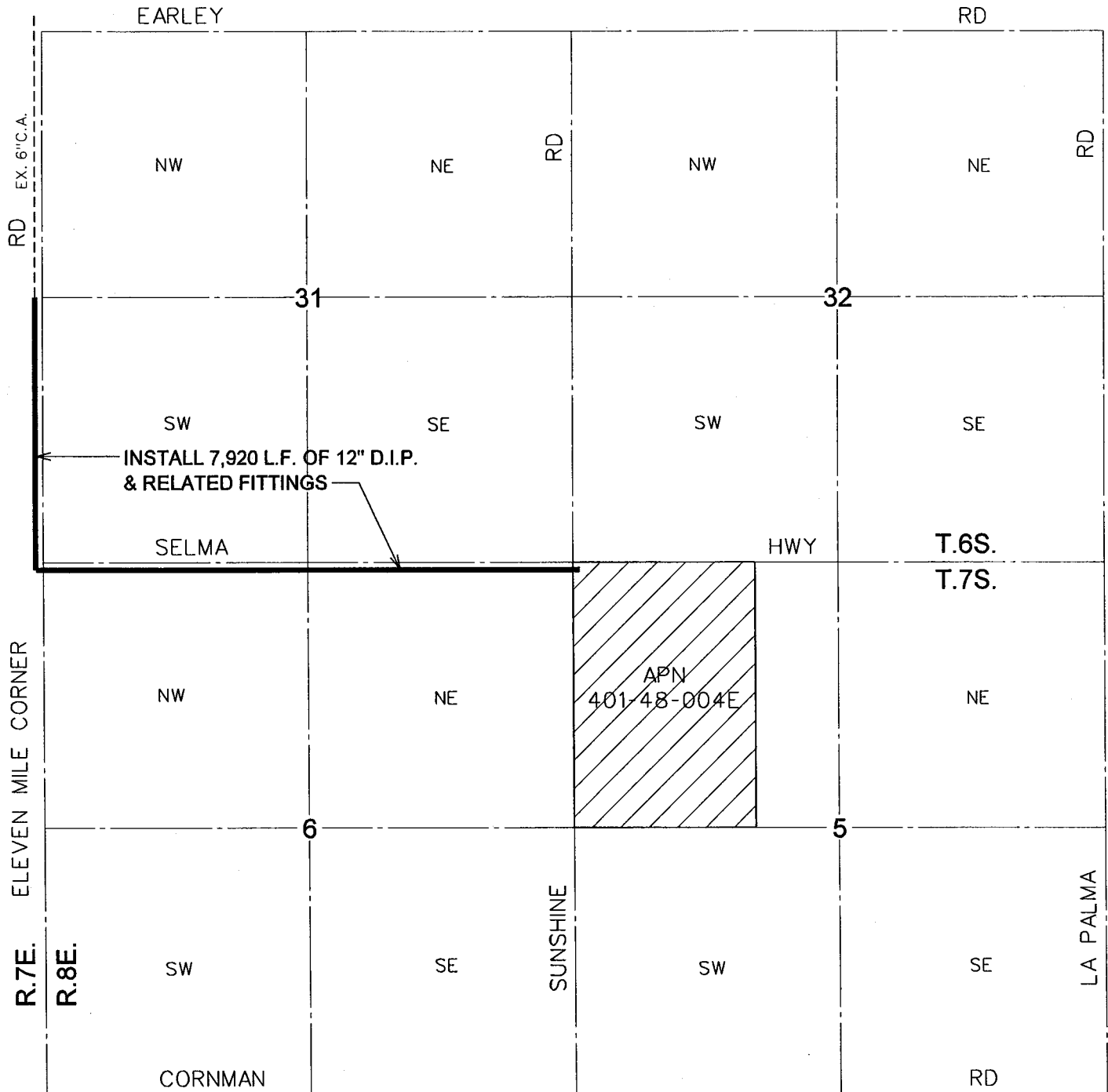
MASTER PLAN

[illegible]

NOTE: THIS COST ESTIMATE IS GOOD UNTIL: June 30, 2007 AFTER WHICH TIME IT IS SUBJECT TO REVISION UNLESS THE ATTACHED AGREEMENT HAS BEEN EXECUTED.		<div style="text-align: center;"> ARIZONA WATER COMPANY COST ESTIMATE </div>		DATE PREPARED: 1/30/2007	
		PREPARED BY: Charles Briggs		SYSTEM: Casa Grande	
		PROJECT LOCATION Portions of Sections 31 & 32, T.6S., R.8E., G.S.R.B.&M.		DRAWING NO.	
PROJECT DESCRIPTION: <div style="text-align: center;"> PARCEL ONE Install 7,920 LF of 12" DIP and Related Fittings South on Eleven Mile Corner Road to Selma Highway, Then East on Selma Highway to Sunshine. </div>					
MATERIALS & LABOR				ESTIMATED PROJECT COST	
ACCOUNT	QUANTITY	DESCRIPTION	REFUNDABLE ADVANCE	NON-REFUNDABLE CONTRIBUTION	
343	7,920	12" DIP and Related Fittings	\$ 475,200		
345	1	1" Single Domestic Water Service - Complete	600		
SUBTOTAL - MATERIALS & LABOR			\$ 475,800	\$ -	
OVERHEAD			26,407	-	
TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST			\$ 502,207	\$ -	
TOTAL ESTIMATED PROJECT COST			\$502,207		

Attachment "2" Parcel One

OFFSITE WATER DISTRIBUTION SYSTEM TO SERVE
ALL STATE ASSOCIATES OF PINAL XIII, LLC (APN 401-48-004E)



Attachment 2

NOTE: THIS COST ESTIMATE IS GOOD UNTIL: NOT APPLICABLE AFTER WHICH TIME IT IS SUBJECT TO REVISION UNLESS THE ATTACHED AGREEMENT HAS BEEN EXECUTED.	ARIZONA WATER COMPANY COST ESTIMATE		DATE PREPARED: 3/7/2007	
	PREPARED BY: John Knobbe	SYSTEM: Casa Grande		
	PROJECT LOCATION Section 23, T 7 S, R 6 E		DRAWING NO.	
PROJECT DESCRIPTION: <p style="text-align: center;">PARCEL TWO</p> Offsite Water Distribution System to serve Casa Grande Mountain Ranch, LP (Parcels A, B, C, D, E, F, G & H) as per drawing attachment "B".				
MATERIALS & LABOR			ESTIMATED PROJECT COST	
ACCOUNT	QUANTITY	DESCRIPTION	REFUNDABLE ADVANCE	NON-REFUNDABLE CONTRIBUTION
343	2,640	12" DIP & related fittings	\$ 158,400	
► 343	1	Testing & Field Inspection	1,492	
SUBTOTAL - MATERIALS & LABOR			\$ 159,892	\$ -
► OVERHEAD			8,874	-
TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST			\$ 168,766	\$ -
TOTAL ESTIMATED PROJECT COST			\$168,766	

- Funds to be Advanced Prior to Execution of Agreement for Extension of Water Facilities
- Total funds required \$10,366.00

AFH

T.7S. R.6E.

(CORNMAN RD ALIGNMENT)

INTERSTATE 8

NW NE

10 11

SW SE

(HANNA RD ALIGNMENT)

NW NE

15 14

SW SE

ARICA

INSTALL 2,640 L.F. OF 12" D.I.P. & RELATED FITTINGS

RD

NW NE

22 23

SW SE

(HENNESS RD. ALIGNMENT)

SHEDD RD

PEART RD ALIGNMENT

LAMB (COX)

EX. 12" C.A.

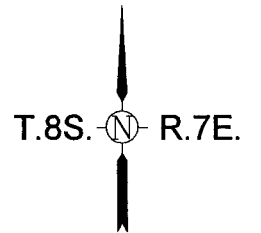
Attachment 2

NOTE: THIS COST ESTIMATE IS GOOD UNTIL: NOT APPLICABLE AFTER WHICH TIME IT IS SUBJECT TO REVISION UNLESS THE ATTACHED AGREEMENT HAS BEEN EXECUTED.	ARIZONA WATER COMPANY COST ESTIMATE	DATE PREPARED: 3/6/2007
	PREPARED BY: <div style="text-align: center;">John Knobbe</div>	SYSTEM: <div style="text-align: center;">Casa Grande</div>
	PROJECT LOCATION <div style="text-align: center;">Sections 19 & 20, T 8 S, R 7 E</div>	DRAWING NO.
PROJECT DESCRIPTION: <div style="text-align: center;"> PARCEL THREE Offsite Water Distribution System to serve the Levison Property (APN 408-23-054) as per drawing attachment "B". </div>		
MATERIALS & LABOR		ESTIMATED PROJECT COST
ACCOUNT	QUANTITY	DESCRIPTION
343	8,000	12" DIP & related fittings
▶ 343	1	Testing & Field Inspection
SUBTOTAL - MATERIALS & LABOR		\$ 483,100
▶ OVERHEAD		26,812
TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST		\$ 509,912
TOTAL ESTIMATED PROJECT COST		\$509,912

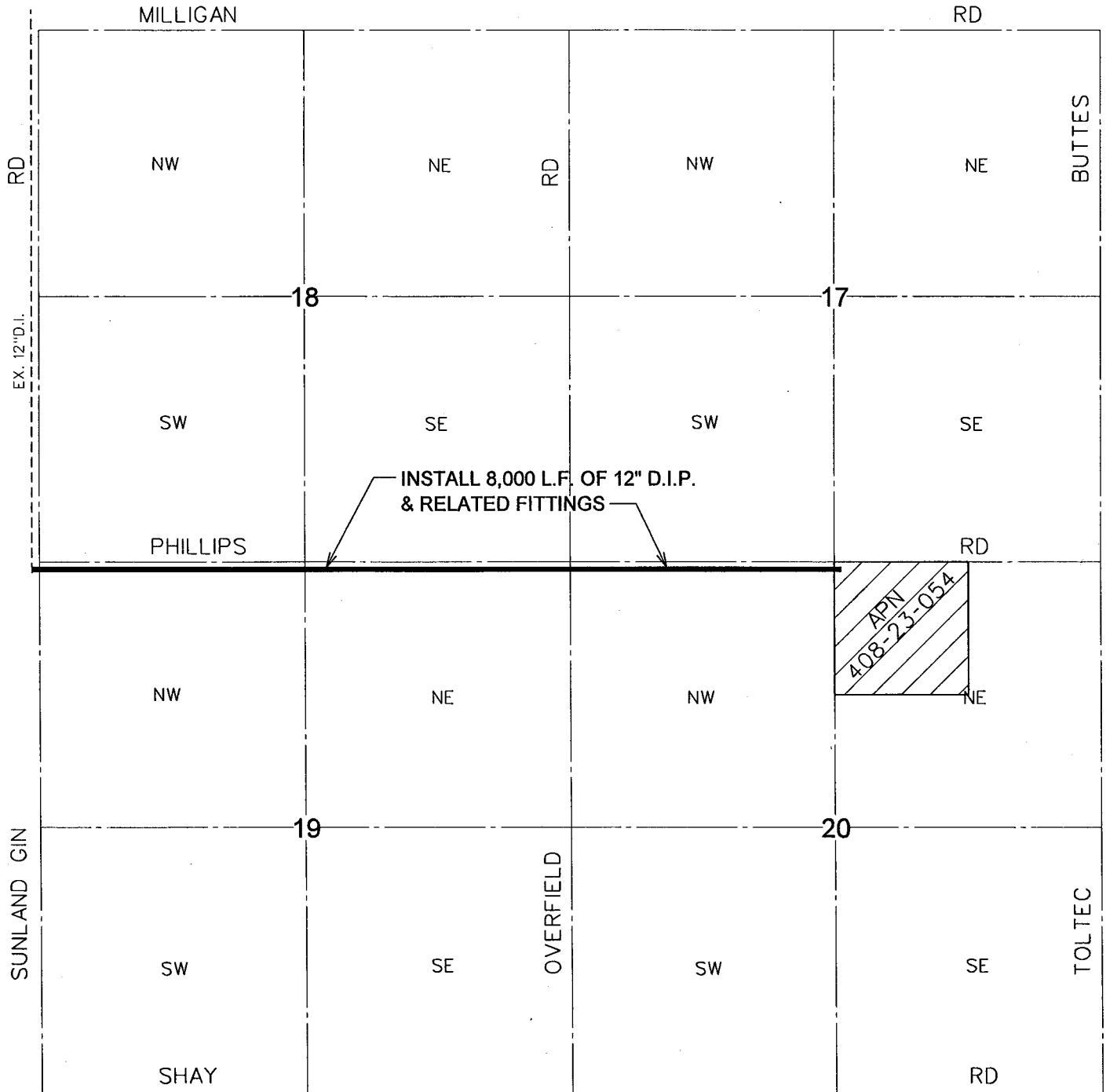
- ▶ Funds to be Advanced Prior to Execution of Agreement for Extension of Water Facilities
- ▶ Total funds required \$29,912.00

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Attachment "2"
Parcel Three



OFFSITE WATER DISTRIBUTION SYSTEM TO SERVE
LEVISON PROPERTY (APN 408-23-054)



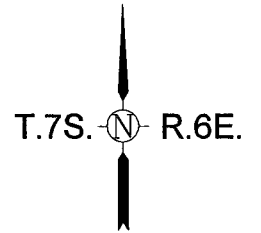
Attachment 2

NOTE: THIS COST ESTIMATE IS GOOD UNTIL: NOT APPLICABLE AFTER WHICH TIME IT IS SUBJECT TO REVISION UNLESS THE ATTACHED AGREEMENT HAS BEEN EXECUTED.	ARIZONA WATER COMPANY COST ESTIMATE		DATE PREPARED: <div style="text-align: center;">3/7/2007</div>	
	PREPARED BY: <div style="text-align: center;">John Knobbe</div>	SYSTEM: <div style="text-align: center;">Casa Grande</div>		
	PROJECT LOCATION <div style="text-align: center;">Sections 8 & 17, T 7 S, R 6 E</div>		DRAWING NO.	
PROJECT DESCRIPTION: <div style="text-align: center;"> PARCEL FOUR Offsite Water Distribution System to serve Haugen Development (APN 511-19-007A, 007D, 007E, 007F & 007G) as per drawing attachment "B". </div>				
MATERIALS & LABOR			ESTIMATED PROJECT COST	
ACCOUNT	QUANTITY	DESCRIPTION	REFUNDABLE ADVANCE	NON-REFUNDABLE CONTRIBUTION
343	3,540	12" DIP & related fittings	\$ 212,400	
▶ 343	1	Testing & Field Inspection	1,762	
SUBTOTAL - MATERIALS & LABOR			\$ 214,162	-
▶ OVERHEAD			11,886	-
TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST			\$ 226,048	-
TOTAL ESTIMATED PROJECT COST			\$226,048	

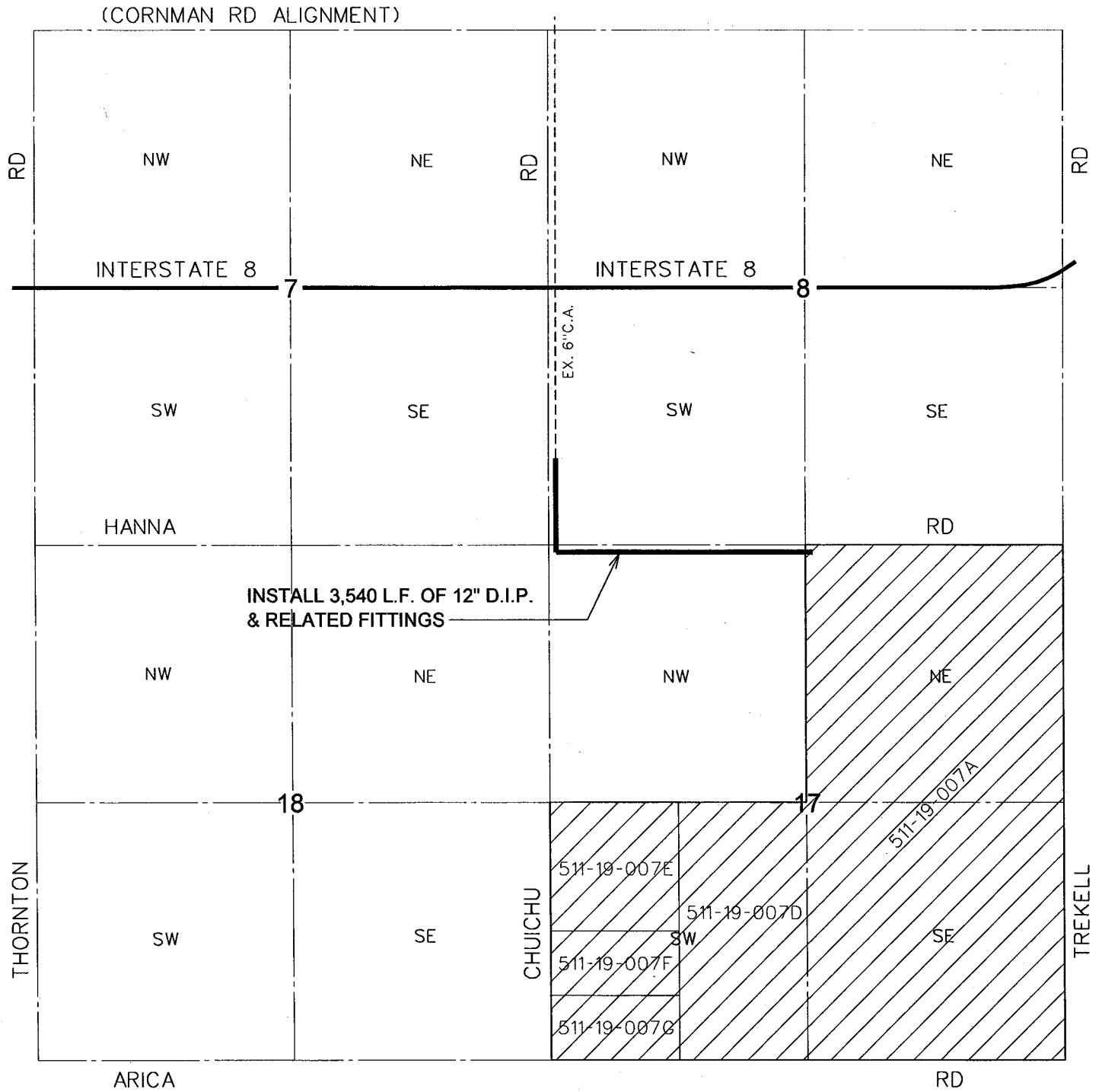
- ▶ Funds to be Advanced Prior to Execution of Agreement for Extension of Water Facilities
- ▶ Total funds required \$13,648

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Attachment "2"
Parcel Four



OFFSITE WATER DISTRIBUTION SYSTEM TO SERVE
HAUGEN DEVELOPMENT (APN 511-19-007A, 007D, 007E, 007F & 007G)



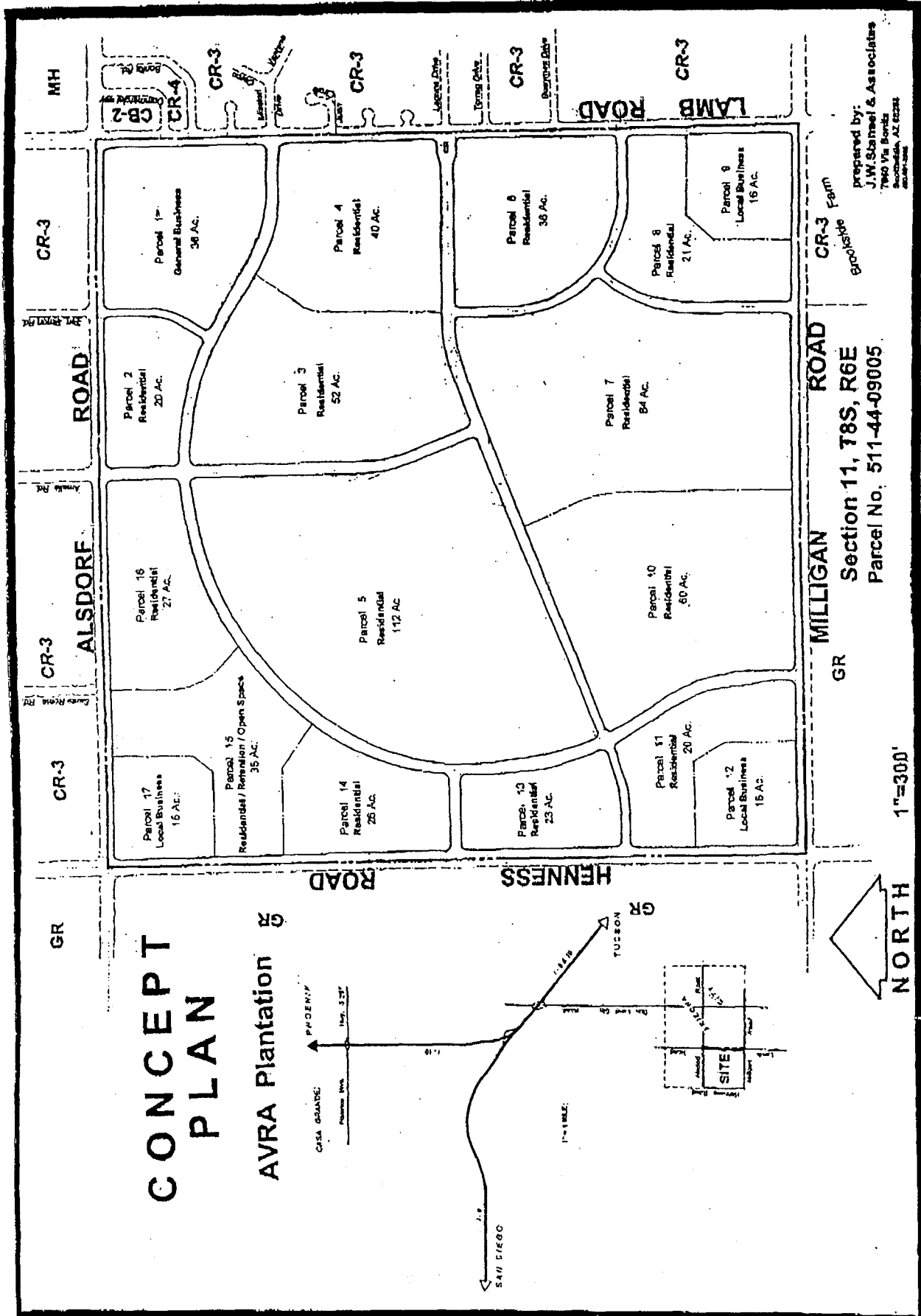
Attachment 2

NOTE: THIS COST ESTIMATE IS GOOD UNTIL: NOT APPLICABLE AFTER WHICH TIME IT IS SUBJECT TO REVISION UNLESS THE ATTACHED AGREEMENT HAS BEEN EXECUTED.	ARIZONA WATER COMPANY COST ESTIMATE		DATE PREPARED:	
			3/7/2007	
PREPARED BY:		SYSTEM:		
John Knobbe		Casa Grande		
PROJECT LOCATION			DRAWING NO.	
Section 10, T 8 S, R 6 E				
PROJECT DESCRIPTION:				
<p style="text-align: center;">PARCEL FIVE</p> <p>Offsite Water Distribution System to serve AVRA Plantations, Inc., (APN 511-44-090) as per drawing attachment "B".</p>				
MATERIALS & LABOR			ESTIMATED PROJECT COST	
ACCOUNT	QUANTITY	DESCRIPTION	REFUNDABLE ADVANCE	NON-REFUNDABLE CONTRIBUTION
343	2,640	12" DIP & related fittings	\$ 158,400	
► 343	1	Testing & Field Inspection	1,492	
SUBTOTAL - MATERIALS & LABOR			\$ 159,892	\$ -
► OVERHEAD			8,874	-
TOTAL REFUNDABLE AND NON-REFUNDABLE ESTIMATED PROJECT COST			\$ 168,766	\$ -
TOTAL ESTIMATED PROJECT COST			\$168,766	

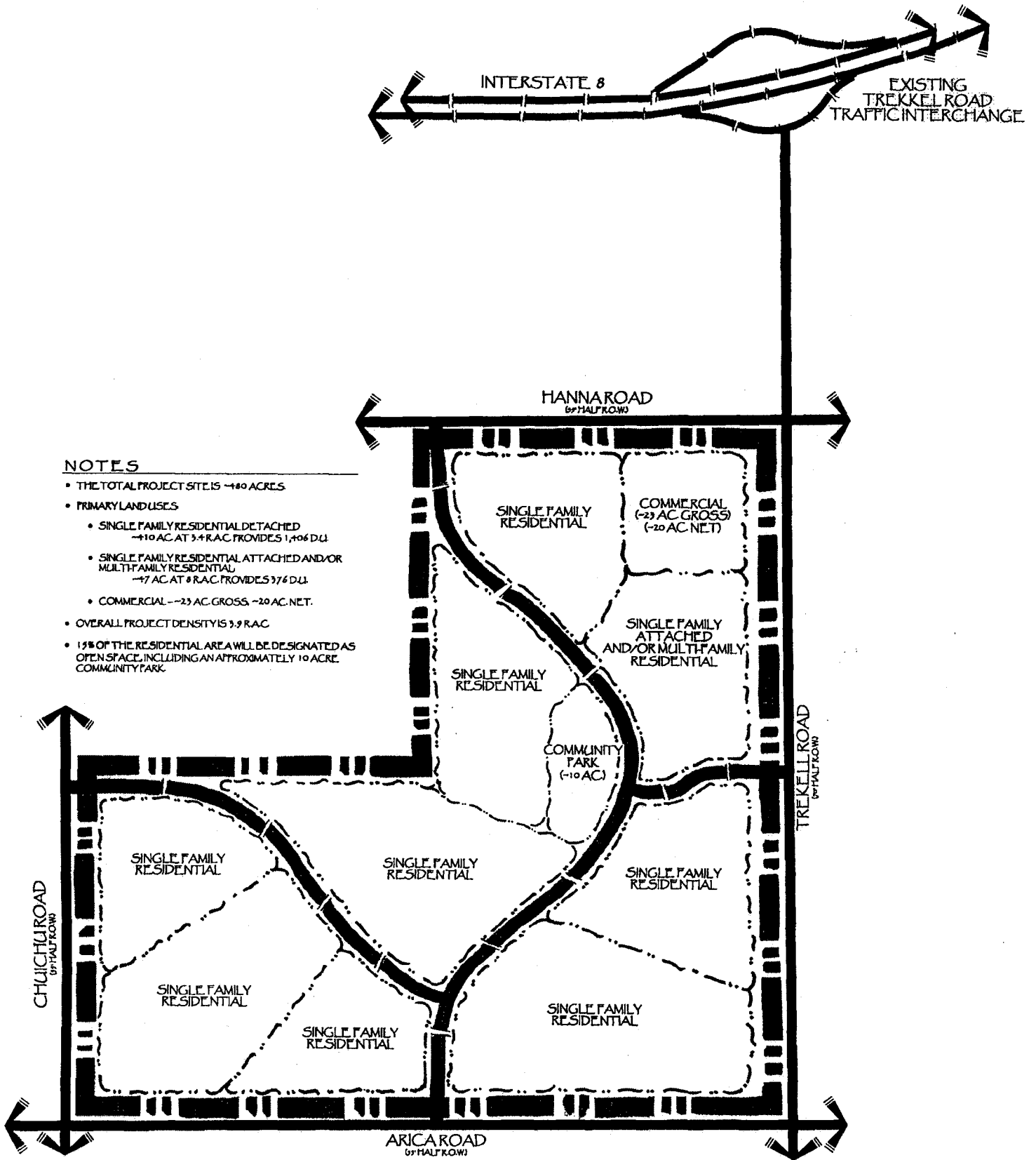
- Funds to be Advanced Prior to Execution of Agreement for Extension of Water Facilities
- Total funds required \$10,366.00

AFH

ATTACHMENT 3



ATTACHMENT 4



HAUGEN PROPERTY

Conceptual Land Use Plan

Pinal County, Arizona

WLB NO. 102049-A-001
DATE: 12.14.06

L:\105049\Land Use Plan\Land Use Plan.DWG Plotted: Dec 18, 2006